



COUNTY OF LOS ANGELES PROBATION DEPARTMENT

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ROBERT B. TAYLOR
Chief Probation Officer

June 24, 2009

TO: Each Supervisor
Robert B. Taylor
FROM: Robert B. Taylor
Chief Probation Officer
SUBJECT: **RESPONSE TO AUDITOR-CONTROLLER'S
REVIEW OF PAYROLL AND PERSONNEL**

This is in response to the Board's motion of June 9, 2009, Agenda #81-B, directing the Chief Probation Officer to report back to the Board of Supervisors about staff adherence to protocols, corrective accountability measures, and compliance monitoring with respect to overtime, and desk procedures for processing and monitoring industrial accident cases.

Attached is a response to each of the 41 recommendations included in the Auditor-Controller's (A-C's) report. Twenty-eight of the recommendations have been implemented, and twelve of the remaining 13 recommendations will be implemented by the end of July 2009. The one remaining recommendation will be implemented by December 2009 when we have identified the staffing resources and logistics to implement the specific control recommended by the A-C.

Overtime Protocol Adherence, Compliance and Monitoring

Approximately eighteen months ago, Probation identified the need for additional staff for our juvenile halls to address more stringent interpretation by the State Corrections Standards Authority of staff-to-youth supervision ratios, for the increasing need to transport youth to external specialty medical appointments, and for the one-on-one supervision of greater numbers of mentally challenged youth entering juvenile halls who have episodic self-harming behavior. New budgeted juvenile hall items were provided to resolve some of these early staffing issues. However, the United States Department of Justice (DOJ) identified further needs to enhance staffing within the living units of the juvenile halls. In order to comply with an existing Memorandum of Agreement with the DOJ, additional staffing had to be provided. As a result of these staffing requirements, Probation implemented the use of various staffing augmentations, including the use of overtime, while we aggressively recruited juvenile hall staff.

The Department's recruitment and hiring efforts fulfilled our January 2008 notice to the Board that we would over-hire juvenile hall staff to address the youth supervision issues.

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We achieved and have sustained these over-hires since October 2008. This is the first time in many years we have achieved full staffing in juvenile halls, and this is a primary driver of recent overtime reductions. The over-hires are funded by maintaining vacancies elsewhere in the Department.

Juvenile hall weekly overtime averaged between 9,500 and 10,000 hours for the first four months of this fiscal year. Near the end of October 2008, overtime began a rapid decline to about 1,000 hours less each week than the preceding week as new-hires completed their training academy. By December 2008, weekly juvenile hall overtime was consistently under 3,000 hours, and now is near 1,000 hours per week, which is approximately half of our existing budget target.

Juvenile hall overtime consumption during the first six months of this fiscal year resulted in an overtime deficit that our dramatic savings rate in the last six months could not overcome. The Department's 2008-09 overtime expenditures are anticipated to be 25-30% less than during each of the prior three fiscal years, and within budget for FY 2009-10.

The Department is vigorously monitoring overtime each week, and all non-emergency overtime must be pre-approved at the level of Assistant Superintendent or higher. We have implemented overtime logs to compare to pay-period timecards, and established follow-up reviews for deviations from protocols. Additional details about our overtime monitoring are described within the attached recommendation status report.

Probation policy reflects that we will pursue corrective disciplinary action against those who violate overtime protocols, including the need for pre-approval. We cannot discipline staff for exceeding overtime limits when the overtime worked was pre-approved. Alternatively, we have in place overtime monitoring capability to provide an early indicator of staff with hours nearing or in excess of overtime limits. In addition, we have eliminated the occasional practice of staff on overtime performing light maintenance services such as painting.

Desk Procedures for Industrial Accident Cases

In 2001, the State legislature modified Labor Code Section 4850 to include designated Probation Peace Officer positions. This Code provides the designated positions, including juvenile hall and camp Peace Officer positions, with up to one year of 100% tax-free salary continuation for time away from work resulting from an industrial injury. Probation's workers' compensation costs and workload increased almost 50% in each of the two years that followed the modification of Labor Code 4850. The legislative change did not provide an incentive for staff to rapidly return to work following recovery from an injury. It was also during this time that the State legislature passed the Family and Medical Leave Act (FMLA), providing all employees with the opportunity to take a designated number of days away from work for medical care or to care for a dependent.

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The A-C's audit sample represented workers' compensation cases that were several years old, coinciding with a time period when the Department's Return-to-Work (RTW) Unit staffing had been decimated by rapid turnover of staff leaving to go to departments with lower and less complex caseloads. The Department had no centralized caseload management system, no process for tracking due dates, essentially triage casework, and the County was changing its Third Party Administrator.

In FY 2007-08, Probation received Board support for additional staffing, and recruited new leadership and expertise for the RTW Unit. In the year that followed, we began active participation in the CEO's Risk Management RTW training program, and achieved full and stable staffing. Since then we have implemented a RTW database to track all workers' compensation and long-term medial leave cases, and rolled-out desk procedures modeled after the CEO's recommended practices. Probation has recently been recognized as a leader in early return to work programs such as "work hardening", and for the cost avoidance we have achieved by reducing the average length of time staff are off due to an injury.

We appreciate the work of the A-C staff to identify weaknesses in our operational processes, and the resulting recommendations to strengthen our systems of internal control. If you have questions or need additional information, please let me know or contact Robert Smythe of my staff at (562) 940-2516.

RBT:rs

Attachments

c: William T Fujioka, Chief Executive Officer
Robert Kalhunian, Acting County Counsel
Sachi A. Hamai, Executive Officer, Clerk of the Board

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RECOMMENDATION	BUREAU	ANTICIPATED IMPLEMENTATION DATE	DISCUSSION
<p>1. Correct the exceptions identified in this report by recovering overpayments, issuing supplemental warrants and adjusting employee leave balances.</p> <p>2. Work with the CEO to reevaluate the Department's overtime budget and realign the budget amount to better reflect actual expenditures and needs.</p>	Dept. Dept.	Various, see below. December 2008	<p>The Department has created this status report to ensure oversight of the implementation of the exceptions noted within the A-C's report.</p> <p>The Department has had several discussions over the past few years about the size of its overtime budget. Overtime is primarily driven by youth supervision staffing needs within juvenile halls, and to a lesser extent within camps. During the five year period of overtime expenditures displayed within the A-C's audit report, various factors have contributed to overtime consumption rates including changes to the State's interpretation of juvenile hall minimum staffing ratios, and the Department of Justice's staffing expectations for the juvenile halls, each of which required additional staff on duty. Also impacting overtime are the increasing numbers of severely mentally challenged and/or self-harming youth entering juvenile halls who often require costly one-on-one supervision for which the Department is not budgeted.</p> <p>Around December 2008, the Department's overtime began to drop substantially as newly budgeted juvenile hall items were filled, and the new staff completed training. We anticipate FY 2009-10 overtime consumption to more closely reflect budgeted amounts, and will maintain vigilant oversight of overtime use each pay period and take corrective steps if accountability and control begin to slip.</p> <p>Re-aligning the overtime budget to match actual expenditures, especially during a period of challenging economic activity, could require a zero net impact on the Department's net County cost. Thus, other portions of the Department's appropriation would need to be reduced to augment the</p>

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			<p>overtime appropriation. This has the ancillary impact of eliminating budgeted positions which would then impact the ability to provide basic staffing. It is in the Department's strategic best interest to maintain permanent staffing items, and generate salary savings as an offset to emerging overtime needs. Irrespective of this strategic interest, the Department is currently demonstrating overtime consumption that is reasonably consistent with its overtime budget.</p>
3. Ensure the juvenile halls document the reasons each time more staff are needed than required by State regulations.	DSB	December 2008	<p>Juvenile hall management has reinforced monitoring of all overtime being used in the juvenile halls. The Assistant Superintendent of each juvenile hall must pre-approve each instance of overtime utilized. The exception to this pre-approval is for brief periods of coverage for employees who must remain supervising youth until relieved by staff coming on duty. The Detention Services Bureau Chief compares daily staffing counts, overtime utilization, and youth population for each juvenile hall living unit, and takes corrective action for variances in staffing standards.</p> <p>Overtime in juvenile hall is only utilized to meet State staffing standards or to ensure the safety of minors who are suicidal or self-injurious. The overtime daily log, which indicates those staff working overtime, indicates the reason for utilization of overtime. Juvenile halls consistently have approximately 60-70+ youth daily who are suicidal and self-injurious. These youth are required to have enhanced supervision at the level of one staff supervising each youth identified as being suicidal or self-injurious. Probation's budget only provides staffing consistent with 25 youth who are suicidal or self-injurious. Even with the over-hiring of Detention Services Officers, at</p>

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4. Closely monitor overtime and ensure that overtime is used only when necessary.	Dept.	December 2008	times more staff are required to supervise one-on-one youth in juvenile hall.
			The Department produces a weekly overtime monitoring report, and distributes the A-C's quarterly overtime report of staff with earnings in excess of 50% of base pay to ensure effective monitoring of overtime consumption. Bureau Chiefs are required to confirm the necessity of overtime earned as indicated on the A-C report. Managers at the local work site are required to pre-approve overtime, and only provide that approval when the manager has confirmed it is necessary.
5. Ensure employees work overtime only when necessary to meet business needs.	DSB	December 2008	See response to #3 and 4 pertaining to overtime monitoring and controls. Juvenile hall staff are also required to complete incident reports before going off duty. These reports are necessary to expedite investigations and preserve evidence. If incidents occur at the end of staffs' shifts, those staff must remain until all incident-related paperwork is complete.
6. Monitor to ensure employees and supervisors comply with the Department's overtime limit.	DSB	December 2008	See response to #3 and 4, above. Management in juvenile halls are monitoring daily the use of overtime, and approving overtime specifically on need and safety of the detained youth.
7. Ensure employees do not work overtime performing duties outside their normal work.	DSB	March 2009	The audit report used an example of painters to support their audit finding. Probation does not have budgeted items for contractors for painting and many other crafts services. At times the Department utilized juvenile hall staff with particular trade skills, such as painting and general maintenance, as a means of expediting the accomplishment of repair work that otherwise would take months given other department's competing priorities, and the months-long delays inherent in using private contractors. The cost of acquiring a painter or

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8. Use a standardized overtime pre-approval form and ensure that non-emergency overtime is pre-approved.	DSB	December 2008	any other tradesperson can be substantially higher than as noted in the audit report due to the indirect costs applied to the tradesperson's hourly earnings rate. The Department has stopped using juvenile hall staff on overtime for these purposes.
9. Ensure overtime pre-approvals accurately document the need for the overtime.	DSB	December 2008	As noted in response to #3, above, each instance of juvenile hall overtime is pre-approved by the Assistant Superintendent as the need emerges. Each juvenile hall is maintaining an overtime daily log that is monitored by management.
10. Ensure approved overtime verification forms are not returned to or accessible to employees.	DSB	December 2008	See response to #3 and 4, above. Reasons for use of overtime are documented on the overtime daily log which is monitored by juvenile hall management.
11. Require employees to develop a plan to immediately reduce Compensatory Time Off balances for employees who exceed the limit and closely monitor Compensatory Time Off balances.	Admin	November 2008	The daily overtime log is kept with the Officer of the Day who must sign-off for each staff who works overtime. The overtime log is given to juvenile hall management at the end of each day for review. Discrepancies between the overtime log and timecards are assigned to the applicable supervisor for investigation and potentially for corrective action.
12. Require supervisors and employees to approve changes to time cards.	Admin	February 2009	Per A-C memo dated 1/11/06, CWTAPPS does not prevent the accrual of non-FLSA CTO beyond 160 hours automatically. At the time the audit draft was presented for review, Probation implemented a process to notify staff who are nearing their CTO maximum, and reducing any excess hours down to the maximum.
			The Department issued internal Policy Directive #1184 on February 9, 2009, reminding employees that all changes to time cards, and all payroll change slips, must be approved by the employee and supervisor, and that supervisors and managers will not make changes to an employee's time

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13. Ensure approved time cards are not returned or accessible to employees.	Admin	June 2009	<p>records without the employee's consent except for those staff that are out on extended leave. For staff who are out on an extended leave, the supervisor can sign and submit the timecard for processing, but must provide the employee with a copy of the timecard.</p> <p>The Department implemented the e-HR time collection system June 1, 2009. As part of that implementation, the Department implemented process and procedure such that time card processing centers were established to ensure appropriate separation of duties including that employees will not have access to their own time cards or payroll change slips after the documents have been approved, and that employees will not have access to their own time records within the automated time collection functionality.</p>
14. Ensure time cards are complete and accurate, and that payroll information is entered correctly into CWTAPPS.	DSB & ASB	June 2009	<p>Once a juvenile hall staff turns in a timecard, that card is not returned to the employee. Any corrections required of a timecard are processed by use of a Change Slip indicating the change requested on the timecard, and Change Slips are required to be signed by the employee.</p> <p>Consistent with implementation of e-HR (see #13, above) juvenile hall timekeepers will route timecards that do not match overtime pre-approvals back to the applicable manager for investigation. Timecard corrections will be made by use of a Change Slip that is completed and signed by the staff (see #12, above) and provided to their supervisor for approval. After timekeepers enter the information into e-HR, timecards are forwarded to Payroll for post-auditing to ensure the entries made are complete and accurate.</p>
15. Ensure supervisors reconcile employee time cards to the daily overtime reports and other variance	DSB	September 2008	<p>Supervisors reconcile timecards, including overtime use, at the end of each pay period with the overtime daily log (see #3,</p>

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reports before approving time cards.			above). Any discrepancies are brought to the attention of the employee who will make the necessary adjustment to their timecard prior to the timecard being processed. If the employee disputes the matter, the timecard will be processed and the matter investigated per requirements of the federal Department of Labor.
			Supervisors are meeting with the juvenile hall timekeepers each pay period to reconcile their timecards to ensure accuracy.
16. Require staff independent of payroll/personnel functions to select a random sample of employee time cards quarterly and comply with CFM Section 3.1.6 requirements.	ASB	July 2009	The Department's Human Resources Management Office is implementing procedures for non-Payroll staff to conduct quarterly random comparisons of time cards to CW TAPPS. Our Fiscal Services Office will select a random sample of employee timecards for quarterly review to ensure compliance with CFM 3.1.6 requirements.
17. Ensure staff with no payroll/personnel responsibilities receive, sort, and distribute payroll warrants and notices of direct deposit	ASB	December 2009	Payroll staff currently receives and sorts warrants and direct deposit notices due to non-availability of outside staff. However, warrants and direct deposit notices are given to the pay location representative for the purpose of distributing to the employees. The Department is currently exploring the possibility of outside staff being responsible for sorting and distribution.
18. Ensure unclaimed warrants and notices of direct deposit are returned and investigated by someone independent of Payroll/Personnel.	ASB	July 2009	A process has been established where the Exam Unit will receive unclaimed warrants and direct deposit notices, and will be responsible for investigating and taking appropriate action, and advising the management every pay period.
19. Ensure unclaimed warrants and notices of direct deposit are investigated within 20 calendar days of issuance.	ASB	July 2009	A process has been established where written instructions will accompany paychecks instructing check distributors to return all unclaimed warrants to the Exam Unit if they are not claimed within seven (7) days. The unclaimed warrants will be mailed

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20. Void and timely return all undelivered warrants to the Auditor-Controller's Countywide Payroll Division.	ASB	June 2009	to the employee's last address on file. The Exam Unit will investigate any unclaimed warrants that are non-deliverable within 20 calendar days.
21. Ensure payoffs are conducted at all pay locations at least annually and that unclaimed warrants/notices of direct deposit from payoffs are not mailed to employees.	ASB	July 2009	A notice will accompany warrants each payday advising of the need to return unclaimed warrants and notices. The Exam Unit will void all undeliverable warrants within 20 calendar days.
22. Ensure the payroll supervisor approves all requests for supplemental warrants.	ASB	June 2009	Payoff audits are conducted annually. At this time, no warrants or notices are issued without proper identification and a signature. Payroll Manager will ensure that all audit sheets are received and warrants/notices are returned and acted upon for those that do not sign.
23. Ensure staff independent of the payroll/personnel functions verifies written approval for each supplemental warrant on the CWPAY Report of Supplemental Payroll Warrants issued.	ASB	July 2009	A process has been established which requires the Payroll Manager or Assistant Payroll Manager to approve all request for supplemental warrants.
24. Ensure the TPA is immediately notified when employees return to work.	Dept.	Ongoing throughout 2008	A process has been established which requires our Fiscal Services Office to verify written approval for supplemental warrants as will be evidenced by signing off on the CWPAY Report.
25. Ensure staff calculates supplemental payments correctly for employees receiving TD payments.	ASB	June 2009	The audit sample was selected from older return to work cases. Since that time, the Department has implemented greater oversight of policies and procedures to ensure timely notification to the TPA when employees return to work.
26. Develop and implement written desk procedures for processing and monitoring IA cases, including a requirement to notify the TPA immediately when	ASB	June 2009	Refresher training was provided on June 23, 2009, to all Payroll Clerks regarding the calculation of supplemental payments for employee receiving TD payments.
			Desk procedures have been developed which included processing and monitoring of IA cases and the requirement to timely notify the TPA when employees return to work.

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employees return to work.			
27. Train Payroll Section staff on the rules for coding part-pay sick leave.	ASB	June 2009	Refresher training was provided on 6/23/09 to all Payroll Clerks regarding the use of correct leave codes when employees are on extended sick leave.
28. Monitor Payroll Section staff to ensure correct leave codes are used while employees are on extended sick leave.	ASB	July 2009	Employee time is entered into the new e-HR Time Collection System by the timekeepers. The payroll staff will post-audit all timecards with variances to ensure they have been coded correctly.
29. Ensure bilingual bonuses are suspended when an employee is absent for more than 60 consecutive calendar days.	ASB	July 2009	A monthly CWTAPPS report is now generated identifying all staff on leave who are receiving a bonus. The CPU Manager will on a monthly basis ensure the removal of bonuses as applicable, and will sign off on the report upon completion.
30. Ensure proper approvals are obtained before employees use full pay leave (e.g., vacation, holiday earned, etc.) when employees are on part-pay status.	ASB	July 2009	All requests for time off that includes going from part-pay status to full-pay status, while still having a part-pay balance will be submitted to the HR manager for approval.
31. Ensure Payroll staff timely notify employees of overpayments and follow-up to ensure overpayments are collected.	ASB	June 2009	Payroll Clerks have been instructed to immediately notify the Payroll Supervisor of all overpayments. Within 30-days of finding, the Payroll Clerks will issue the overpayment letter and track collection. The Payroll Manager will confirm repayment each pay period.
32. Establish procedures and monitor to ensure bonus transactions are entered into CWTAPPS by the Auditor-Controller deadline.	ASB	July 2009	An automated Bonus Log is being created that will allow for better tracking of bonus entries. Bonus Coordinator will ensure that bonuses are entered by the current payroll deadline.
33. Monitor standby earnings to ensure employees do not earn more than the monthly maximum.	ASB	July 2009	A monthly report will be run listing recorded standby pay for the first half of the month. Payroll staff will notify timekeepers of those staff who are subject to excess based on first half reporting, and to send out notice of the maximum. Notices will be given to the location Director and Bureau Chief for those who exceed the monthly maximum to ensure scheduling

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34. Periodically review employees' CWTAPPS access, restrict access based on employee job duties, and remove employees who no longer require access.	ASB	June 2009	changes are promptly processed.
35. Use processing centers so that staff do not have access to their own payroll/personnel information on CWTAPPS.	ASB	May 2009	All access to CWTAPPS has been reviewed. Access has been updated to ensure compliance. This report will be reviewed and signed off monthly by the CWTAPPS Coordinator and the CPU Director.
36. Ensure staff do not approve their own CWTAPPS access forms.	ASB	May 2009	The Department has implemented the use of processing centers to segregate staff from the ability to update their own CWTAPPS records.
37. Ensure that employees with access to County computer data do not share passwords.	ASB	July 2009	See response to #35, above. In addition, the CWTAPPS Coordinator is responsible for coordinating approvals for access.
38. Monitor to ensure terminations are processed timely	ASB	June 2009	Procedures for resignations, terminations and transfers were revised and published June 8, 2009 (policy Directive 1217). The new process includes the Sr. Technicians to check CWTAPPS within 24-hours of receipt of the Payroll Notification to ensure employees are terminated timely. The check will include awareness of acceptable exceptions such as back-dating service connected disability/retirements.
39. Ensure Payroll/Personnel staff date stamp all payroll/personnel documents upon receipt from the pay locations.	ASB	June 2009	Payroll/Personnel staff has been instructed to date stamp all documents received in HRMO.
40. Ensure Personnel management (or someone independent of entering job, time card and/or termination transactions on CWTAPPS) traces terminated employees' names to the Payroll Sequence Register for at least three consecutive months after employees terminate.	ASB	July 2009	The assistant to the DHRM, who is independent of entering job, time card and/or termination transactions on CWTAPPS, will audit terminated employees by reviewing the sequence register for a period of three (3) months, and will report any payments to the DHRM for investigation.

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41. Use CWTAPPS reports to monitor the Department's payroll operations and ensure the Payroll Supervisors and staff review the reports as required by the CFM.	ASB	June 2009	All CWTAPPS exception reports are reviewed and worked by each Payroll Clerk for their assigned pay locations. The Payroll Manager or Assistant Manager will review and sign-off all reports each pay period. A monthly audit will be conducted by the Director to ensure reports are being addressed properly.

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